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OGC 70-1883

5 November 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Alcoholic Beverages

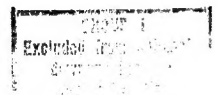
25X1A 1. I talked with [] of NSA on Tuesday, 3 November,
25X1A concerning the reported information that NSA is now serving beer
at its dining facilities. [] indicated that this is indeed a hot item
and he is receiving many inquiries.

25X1A 2. Their basic problems, which are not yet settled, are ones
of whether they must have a state license and whether they are to
pay state taxes. Further, their facilities are at different installa-
tions, at least one of which is on land where the state has no crimi-
nal jurisdiction and at least one where the state does have criminal
jurisdiction. He thinks that as to the former, NSA will be able to
maintain their position and, in effect, ignore the state. He is not
so certain as to the latter. Local merchants are actively attacking
their action since, as they put it to [] the employees instead of
going out are staying in. [] has indicated to the local authorities
they will pay the normal taxes provided that Maryland would not
regard this as a precedent binding upon NSA. The matter is not
yet settled and hearings with local authorities on the matter of a
license are to take place in the next few days. 25X1A

25X1A 3. [] mentioned there is a Maryland statute under which
25X1A federal government instrumentalities are not required to pay taxes.

25X1A 4. [] mentioned also that there is a statute authorizing the
Secretary of Defense to authorize the sale of intoxicants at any base
occupied by members of the Armed Forces and it is under this
authority that NSA has acted.

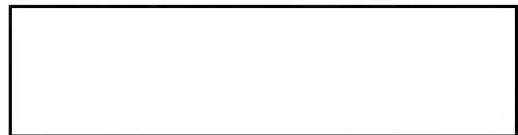
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5. A GSA regulation permits the use of alcoholic beverages on federal properties on approval of the Administrator of General Services:

The use of alcoholic beverages on property is prohibited except on occasion and on property upon which the Administrator of General Services has for appropriate official uses granted an exemption permit in writing. (41 C.F.R., January 1, 1970, section 101-19.307)



25X1A

Associate General Counsel

OGC:RHL:sin

Distribution:

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1 - RHL signer

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25X1

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